

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

ORIGINAL
FILE

In the Matter of)

Billed Party Preference for 0+)
InterLATA Calls)

CC Docket No. 92-77

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FEDERAL COMMUNICATIONS COMMISSION
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REPLY COMMENTS OF ELKHART TELEPHONE COMPANY, INC.

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August 27, 1992

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SUMMARY

Elkhart Telephone Company, Inc. respectfully urges the Commission to not mandate that it convert its single rural exchange to a billed party preference system. The Commission in this proceeding should take into consideration the significant differences between Elkhart Telephone Company, Inc. and larger local exchange carriers, with respect to the density of the markets they serve and limitations on financial and technical resources. Elkhart Telephone Company, Inc. provides local telephone service to a single small rural community. Mandatory billed party preference would place an onerous financial burden on Elkhart Telephone Company, Inc. Although the larger local exchange carriers may be willing to expend large sums of money on a system that is unnecessary, Elkhart Telephone Company, Inc. lacks such vast financial resources. Residents of Elkhart, Kansas would experience greater post-dialing delay with a mandatory billed party preference system. The enormous expense of billed party preference is repugnant to the goals of reducing the costs of providing rural telephone service and making equal access economically viable for interexchange carriers in rural markets. Mandatory billed party preference would make it more costly and less attractive for interexchange carriers to serve rural communities, without providing any corresponding benefits to the public.

All the benefits of billed party preference are obtainable through alternate, less costly technologies. Access codes, proprietary calling cards, and 0- transfer services are superior alternatives that are available today, but do not require the

increase in costs and post-dialing delay attendant to a mandatory billed party preference system. While intrastate and intraLATA 0+ calls, representing 50% of all 0+ calls, will not be subject to billed party preference, access codes, proprietary calling cards, and 0- transfer services each provide a uniform dialing pattern and are easier for callers to use than a billed party preference system. With billed party preference, callers would sometimes be able to reach their carrier by dialing 0+, but at other times they would have no way of knowing which carrier would receive their call unless they dialed an access code. Furthermore, callers are likely to find it more complex and cumbersome to place collect, person-to-person, and third number billed calls with a billed party preference system that requires callers to speak to two different operators or respond to a sequence of voice prompts.

The dialing of 10XXX, 800 and 950 access codes, proprietary calling cards, and operator transfer services redirect the competitive efforts of operator service providers towards providing better services at lower prices to end users, while shifting the focus of operator service providers away from the payment of higher commissions to premises owners. Interexchange carriers will have little incentive to pay commissions to become the presubscribed interexchange carrier at public payphones, when consumers become comfortable with regularly using access code dialing, proprietary calling cards and operator transfer services.

Educating consumers to dial 10XXX, 950 and 800 access codes will stimulate competition in the provision of operator services. With access code dialing, every interexchange carrier has the same opportunity to offer operator services to interested customers,

regardless of the size of their customer base or the amount of commissions they can pay to aggregators. By contrast, billed party preference would actually reduce competition by eliminating the number of carriers capable of performing their own carrier identification, billing and validation services.

The free market is the most efficient test of whether a billed party preference system, particularly in small towns and rural communities, can justify its enormous cost. Charges for billed party preference should be clearly identified in Part 69 of the Commission's rules as optional access service rates paid solely by interexchange carriers. As with meet point billing, access to billed party preference should be a jointly-provided access service and each local exchange carrier should separately bill the interexchange carrier for its portion of the access service it provides.

Rather than mandate billed party preference by government decree, the Commission should permit the marketplace to decide where billed party preference is economical to deploy. Those companies that believe interexchange carriers will want to purchase billed party preference, despite its additional costs and post-dialing delay, can voluntarily implement such a system and receive revenue from interexchange carriers that agree to subscribe to the new service.

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REPLY COMMENTS OF ELKHART TELEPHONE COMPANY, INC.

Elkhart Telephone Company, Inc., by its attorney and pursuant to Section 1.415(c) of the Commission's rules, respectfully submits this reply to comments filed on or about July 7, 1992 in response to the Notice of Proposed Rulemaking ("NPRM"), in the above-captioned proceeding.¹

I. Introduction

Elkhart Telephone Company, Inc. is a small independent local exchange carrier operating a single local exchange, consisting of 1450 access lines, located in southwestern Kansas. The public interest is undermined by government mandates that make it more costly and less attractive for non-dominant interexchange carriers to provide long distance service to small rural exchanges, such as Elkhart, Kansas.

In this proceeding, the Commission tentatively concluded that billed party preference is in the public interest and proposed to

¹ NPRM, 7 FCC Rcd 3027 (1992). The Commission extended the deadline for filing reply comments until August 27, 1992. In re Billed Party Preference for 0+ InterLATA Calls, Order, CC Docket No. 92-77, DA 92-1058 (released July 31, 1992).

mandate implementation of billed party preference.² In response to this NPRM, comments were filed by local exchange carriers, interexchange carriers, trade associations, city and state governments, airports, prisons, universities, hotels and motels, convenience stores, truck stops, gas stations, competitive payphone providers, and equipment manufacturers. Reviewed in their entirety, these comments demonstrate that billed party preference is unnecessary and would create a multitude of technical and economic problems for the telephone industry, particularly in the small towns and more rural areas of this country.

The enormous expense of billed party preference is repugnant to the goals of reducing the cost of providing rural telephone service and making equal access economically viable for interexchange carriers in rural markets. The unique characteristics of small towns and remote locations of this country require a more thorough cost-benefit analysis than has been undertaken by the Commission so far in this proceeding. Mandatory billed party preference would impose a severe and unwarranted strain on the limited financial and technical resources of Elkhart Telephone Company, Inc. Furthermore, interexchange carriers would find it more expensive to provide service to Elkhart, as Elkhart Telephone Company, Inc. would be forced to increase access charges to recover such unanticipated capital expenditures. The residents of Elkhart, Kansas would experience greater post-dialing delay with a mandatory billed party preference system. There is no reason to burden Elkhart Telephone Company, Inc. with the substantial costs

² NPRM, 7 FCC Rcd at 3029, ¶ 13.

of billed party preference when it will lead to a degradation, rather than an improvement, in rural telephone service. Therefore, Elkhart Telephone Company, Inc. opposes a government decree mandating that it incur such unwarranted costs to convert its exchange to billed party preference.

II. The Enormous Cost of Billed Party Preference Would Be Unduly Onerous for Small Local Exchange Carriers

The Commission correctly observed that the cost of implementing billed party preference would be enormous.³ In its comments, the Organization for the Protection and Advancement of Small Telephone Companies ("OPASTCO") concluded that "the new equal access plan of billed party preference could prove to be an insurmountable investment for many local exchange companies in the near term."⁴ Elkhart Telephone Company, Inc. agrees. Although the larger local exchange carriers may be willing to expend large sums of money on a system that is unnecessary, Elkhart Telephone Company, Inc. lacks such vast financial resources. Billed party preference is likely to substantially increase the cost of furnishing telephone service, particularly in rural communities and small towns.

When the Commission adopted equal access obligations for independent local exchange carriers, it recognized the different financial, technical and economic characteristics of small independent local exchange carriers and the rural communities where

³ NPRM, 7 FCC Rcd at 3031, ¶ 25.

⁴ Comments of the Organization for the Protection and Advancement of Small Telephone Companies at 2.

they provide telephone service.⁵ Those equal access obligations reflected the Commission's understanding that small independent local exchange carriers face more severe limitations on their capital spending than the larger local exchange carriers.⁶ Furthermore, non-dominant interexchange carriers have shown less interest in providing service to rural communities served by independent local exchange carriers.⁷

The Commission's regulations currently do not require independent local exchange carriers to spend their limited financial resources on equal access until they have received a bona fide request for equal access.⁸ Following the receipt of such a bona fide request, the Commission's current regulations permit independent local exchange carriers a more flexible schedule than the Bell Operating Companies ("BOCs") to complete equal access conversion due to their need for more time to accumulate the financial and technical resources needed to convert their end offices to equal access and administer presubscription and balloting.⁹ Circumstances have not materially changed for Elkhart Telephone Company, Inc. since the Commission adopted these equal access obligations that would justify an oppressive financial expenditure on conversion to billed party preference.

⁵ In re MTS and WATS Market Structure, Report and Order, CC Docket No. 78-72, Phase III, FCC 85-98, 57 RR2d 1303, 1304 (1985).

⁶ Id. at 1314.

⁷ Id. at 1318.

⁸ Id. at 1314, 1318.

⁹ Id. at 1317.

Mandatory billed party preference is contrary to these prior findings by the Commission and would arbitrarily and capriciously subject independent local exchange carriers to more onerous equal access obligations. The record in this proceeding clearly demonstrates that the implementation of billed party preference will be far more expensive than conversion to 1+ and 10XXX equal access. Approximately half of the cost of implementing billed party preference involves upgrades for end offices to provide the capability to recognize and segregate 10XXX-0+ and 00- traffic from 0- and 0+ traffic.¹⁰ One supplier has advised OPASTCO that the list price for the upgrade necessary to offer billed party preference is \$600,000.¹¹ The cost data provided in other comments estimate that a billed party preference system for all interLATA 0+ and 0- traffic from any phone would cost the seven BOCs, GTE, Southern New England Telephone, and the United Telephone Companies more than \$890.57 million initially with an ongoing cost of \$107.43 million annually.¹² In addition, billed party preference would be extremely costly for interexchange carriers. For example, AT&T estimates an initial cost of \$68 million to modify its network to accommodate

¹⁰ Comments of US West Communications, Inc. at 6.

¹¹ Comments of OPASTCO at 4.

¹² Comments of Southwestern Bell Telephone Company at 12; Comments of US West Communications, Inc. at 6; Comments of the Bell Atlantic Telephone Companies, Attachment A at 1; Comments of Pacific Bell and Nevada Bell at 22; Comments of BellSouth Telecommunications, Inc. at 12; Comments of the NYNEX Telephone Companies at 4-5; Comments of the Ameritech Operating Companies at 16; Comments of GTE Service Corporation at 11; Comments of the Southern New England Telephone Company at 3; and Comments of Sprint Corporation at 20.

billed party preference and an increase in the access charges that it pays local exchange carriers of \$400 million annually.¹³

Mandatory billed party preference would place an onerous financial burden on Elkhart Telephone Company, Inc. Implementation of billed party preference is likely to require Elkhart Telephone Company, Inc. to purchase new software and modifications to switch hardware. Elkhart Telephone Company, Inc. does not possess Line Information Database ("LIDB") facilities and would depend upon the database of some other carrier, for which it is likely to be charged a fee. Although Section 69.4(b)(8) of the Commission's rules clearly identifies LIDB as an access service, LIDB owners are requiring contracts that extract fees from independent local exchange carriers before they will agree to complete telephone calls that require LIDB queries. In addition, Elkhart Telephone Company, Inc. may incur substantial costs in the construction of new transport facilities to route queries to such LIDBs if the BOCs determine that the Modification of Final Judgment ("MFJ") prohibits them from carrying such queries across LATA boundaries.

After completing such a construction program for billed party preference, AT&T may remain the only interexchange carrier providing 0+ and 0- interLATA services in the small community of Elkhart, Kansas. There is no evidence in this proceeding that non-dominant interexchange carriers will suddenly begin to provide 0+ and 0- interLATA services to this rural exchange if Elkhart Telephone Company, Inc. makes such an extensive investment in billed party preference. AT&T, the Competitive Telecommunications

¹³ Comments of AT&T at 12-15.

Association, and 21 third tier interexchange carriers filed comments in this proceeding indicating no interest in billed party preference. When other independent local exchange carriers have converted their end offices to provide 1+ equal access before receiving a bona fide request, they have experienced a disappointing result -- no non-dominant interexchange carrier agreed to place its name on their ballots. Unless the Commission also orders non-dominant interexchange carriers to provide 0+ and 0- interLATA services to Elkhart, Kansas, mandatory billed party preference could result in a heinous waste of Elkhart Telephone Company, Inc.'s limited capital resources.

III. The FCC Should Not Burden Small Local Exchange Carriers with the Costs of Billed Party Preference Unless Interexchange Carriers Have Made a Bona Fide Commitment to Pay for It

Elkhart Telephone Company, Inc. agrees with the observation by the American Public Communications Council that the free market is the most efficient test of whether a billed party preference system, particularly in small towns and rural communities, can justify its enormous cost.¹⁴ Rather than mandate billed party preference by government decree, the Commission should permit the marketplace to decide where billed party preference is economical to deploy. Those companies that believe consumers will want billed party preference, despite its additional costs and post-dialing delay, can voluntarily implement such a system and receive revenue from interexchange carriers that agree to subscribe to the new service. Billed party preference should be an optional feature,

¹⁴ Comments of the American Public Communications Council at 12.

just as LIDB and Signaling System 7 are already optional features in most interstate access tariffs. If an interexchange carrier truly wants a billed party preference system in a small rural exchange, it should be willing to negotiate and pay for such an expenditure by the local exchange carrier.

Charges for billed party preference should be clearly identified in Part 69 of the Commission's rules as an optional access service rate element. Section 69.4(b)(8) of the Commission's rules classifies LIDB as an access service. Billed party preference would require a query from the operator service switch via common channel signaling to a LIDB to identify the operator service provider predesignated for the billed line.

On July 9, 1992, Elkhart Telephone Company, Inc. filed a petition for reconsideration in CC Docket No. 91-115 requesting that the Commission clarify Section 69.120 to ensure that independent local exchange carriers are not forced to pay for LIDB access service. Elkhart Telephone Company, Inc. urges the Commission to clearly indicate that independent local exchange carriers are not required to sign contracts with LIDB owners or pay them fees for LIDB queries for billed party preference. As with meet point billing, LIDB access is a jointly-provided access service and each local exchange carrier should separately bill the interexchange carrier for its portion of the access service it provides. Just as meet point billing for an interLATA call does not permit the independent local exchange carrier to bill the BOC for use of its end office, the BOC should not be permitted to bill an independent local exchange carrier for the LIDB portion of the jointly-provided access service.

Elkhart Telephone Company, Inc. opposes NYNEX's proposal to load the full costs of implementing billed party preference onto the end user subscriber line charge.¹⁵ By increasing the monthly cost of merely having a telephone in your home, NYNEX's proposal would impair the lifeline of universal local telephone service. There is no economic justification for forcing end users to pay for billed party preference, which is an access service that aids interexchange carriers in completing their 0+ and 0- interLATA calls. NYNEX is concerned that consumers will prefer to dial 10XXX access codes, rather than utilize a billed party preference system.¹⁶ If the public prefers 10XXX dialing, then saddling consumers with the enormous costs of deploying billed party preference would do violence to the public interest.

IV. Mandating Billed Party Preference is Contrary to a Thorough Cost-Benefit Analysis

The Commission sought comments in this proceeding on whether some or all of the benefits of billed party preference might be obtainable through alternate, less costly technologies.¹⁷ The Commission tentatively concluded that billed party preference would provide three benefits: (1) simple and more "user friendly" dialing; (2) operator service competition focused on providing better service to end users, rather than the payment of commissions; and (3) the promotion of competition.¹⁸ All of these

¹⁵ Comments of the NYNEX Telephone Companies at 19.

¹⁶ Id.

¹⁷ NPRM, 7 FCC Rcd at 3032, ¶ 29.

¹⁸ NPRM, 7 FCC Rcd at 3030-3031, ¶¶ 18, 19 and 24.

benefits are obtainable through proprietary calling cards, 0-transfer services and the dialing of 10XXX, 800 and 950 access codes, without the increased cost and post-dialing delay caused by billed party preference.

The dialing of 10XXX, 800 and 950 access codes, 0-transfer services, and proprietary calling cards each offer more universal and less confusing dialing patterns than would be available with billed party preference. Each of these alternatives enables callers to make all of their operator-assisted calls with the knowledge that their calls will be handled by only the operator service provider with which they want to do business. This is not a benefit available with billed party preference.

The comments of the American Public Communications Council demonstrate that approximately 50% of all 0+ calls will not be subject to billed party preference.¹⁹ Representing 25% of all 0+ calls, the BOCs do not intend to implement a system that hands off 0+ intraLATA calls to the billed party's preferred interexchange carrier.²⁰ Furthermore, only state regulators have jurisdiction to mandate billed party preference for intrastate interLATA calls, which represent another 25% of all 0+ calls.²¹

With billed party preference, callers would sometimes be able to reach their carrier by dialing 0+, but at other times they would have to dial an access code. Callers would have no way of knowing which carrier would receive their call if they dialed on a 0+ basis

¹⁹ Comments of the American Public Communications Council at 19-20.

²⁰ Id. at 19.

²¹ Id. at 20.

or, they would have to ascertain at each phone whether billed party preference routing would be followed. Thus, callers would experience confusion, and ultimately, are likely to continue to employ only a 10XXX, 800 or 950 access code to reach their preferred carrier. The Commission recognized that such a lack of uniformity in dialing requirements around the country "would undermine the benefits offered by billed party preference."²²

In order to ensure access to a customer's preferred carrier, the industry is expending large sums to unblock equal access codes so that the goals of the Telephone Operator Consumer Services Improvement Act of 1990,²³ and the Commission's unblocking rules,²⁴ may be achieved. In addition, the Commission recently ordered all local exchange carriers to offer, where technically feasible, tariffed services for both originating line and billed number screening and international blocking services.²⁵ These tariffs must be filed with the FCC by November 26, 1992, with an effective date of January 10, 1993.²⁶

²² NPRM, 7 FCC Rcd at 3032, ¶ 31.

²³ Pub. L. No. 101-435, 104 Stat. 986 (1990) (codified at 47 U.S.C. § 226).

²⁴ Policies and Rules Concerning Operator Services, CC Docket No. 90-313, FCC 91-116, Mimeo No. 38146 (Apr. 15, 1991); Policies and Rules Concerning Operator Services, CC Docket No. 90-313, Phase II, 6 FCC Rcd 2314 (1991); Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket No. 91-35, 6 FCC Rcd 4736 (1991); Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket No. 91-35, 7 FCC Rcd 4355 (1992).

²⁵ Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, Order on Reconsideration, CC Docket No. 91-35, 7 FCC Rcd at 4361.

²⁶ Id.

With the phased unblocking of 10XXX access, and the requirement that all interexchange carriers offer an 800 or 950 alternative where equal access is not available, consumers may access their preferred carrier from any aggregator location, including pay telephones. As the Commission acknowledged, callers will be comfortable with access code dialing before billed party preference could ever be deployed.²⁷ If, estimated conservatively, the Commission rules by the end of 1992, the comments filed in this proceeding demonstrate that billed party preference could not be implemented by GTE and the BOCs until somewhere between 1995 and 1996, at which point considerable investment will have been sunk in complying with the Commission's equal access code unblocking requirements.²⁸

The Commission tentatively concluded that billed party preference would be simpler for callers.²⁹ However, callers are likely to find it more complex and cumbersome to place collect, person-to-person, and third number billed calls with a billed party preference system. Such calls require the caller to speak to a live operator to identify collect and third number calls. With billed party preference, these callers might then have to address a second live operator employed by the operator service provider

²⁷ NPRM, 7 FCC Rcd at 3030, ¶ 18.

²⁸ Comments of US West Communications, Inc. at 11; Comments of Pacific Bell and Nevada Bell at 13; Comments of Southwestern Bell Telephone Company at 17; Comments of the Bell Atlantic Telephone Companies at 2; Comments of BellSouth Telecommunications, Inc. at 17; Comments of the Ameritech Operating Companies at 2; and Comments of GTE Service Corporation at 8.

²⁹ NPRM, 7 FCC Rcd at 3030, ¶ 18.

to obtain call acceptance. If automated alternate billing services are deployed with billed party preference, the caller would be required to respond to voice prompts for collect, person-to-person, and third number billed calls.

The dialing of 10XXX, 800 or 950 access codes is currently available and does not require the caller to speak to two different operators or respond to a sequence of voice prompts. Furthermore, billed party preference calling card calls still would require the caller to dial a long string of numbers consisting of 0 + the number called and any applicable calling card number. The minor difference in dialing 0+ rather than 10XXX for calling card calls does not warrant the enormous financial expenditures that would be required to install billed party preference at every telephone in this country.

Elkhart Telephone Company, Inc. agrees with AT&T, Pilgrim Telephone, Inc., and Allnet that proprietary calling cards already provide callers with the ability to control the interexchange carrier that carries their calls.³⁰ AT&T and CompTel estimate that already more than 60% of all interLATA operator service traffic is billed to calling cards and already routed to the preferred interexchange carrier for call processing.³¹ AT&T has issued tens

³⁰ Comments of AT&T at 6-7; Comments of Pilgrim Telephone, Inc. at 3; and Comments of Allnet Communications Services, Inc. at 1-2.

³¹ Comments of AT&T at 6; Comments of the Competitive Telecommunications Association at 7, 12.

of millions of proprietary calling cards.³² MCI and Sprint together have issued about 30% more proprietary calling cards than AT&T.³³

Another superior alternative to billed party preference is operator transfer service. This alternative permits callers to dial the fewest number of digits to place an operator-assisted call using the carrier with which the caller wants to do business. With operator transfer service, callers can dial a single 0 and be transferred to the interexchange carrier of their choice. Operator transfer service is therefore much simpler for callers than billed party preference. Operator transfer service is available today and performs the same function as billed party preference, minus the dialing of additional digits or voice prompts, the high cost and development time, or additional post-dialing delay.

The dialing of 10XXX, 800 and 950 access codes, proprietary calling cards, and operator transfer service redirect the competitive efforts of operator service providers towards providing better services and lower prices to end users, while shifting the focus of operator service providers away from the payment of higher commissions to premises owners. As consumers become more comfortable with access code dialing, proprietary calling cards and operator transfer services, interexchange carriers will have less incentive to pay commissions to become the presubscribed interexchange carrier at public payphones. Because most of the telephones in Elkhart Telephone Company, Inc.'s service territory are residential or non-public telephones, interexchange carriers

³² Comments of AT&T at 7.

³³ Id.

already do not pay commissions at most locations to which Elkhart Telephone Company, Inc. furnishes interstate access.

The consequences of implementing billed party preference are anti-competitive. The larger local exchange carriers seek to entrench themselves as a bottleneck in the provision of interstate operator services. Billed party preference would actually reduce competition by eliminating the number of carriers capable of performing their own carrier identification, billing and validation services. Billed party preference would force interexchange carriers and independent local exchange carriers to subscribe to billing and recording services of the larger local exchange carriers to avoid the use of two operators or queries with the attendant delay. Furthermore, interexchange carriers and independent local exchange carriers would be limited to providing those operator and billing services the larger local exchange carriers want to provide.

By contrast, educating consumers to dial 10XXX, 950 and 800 access codes will stimulate competition in the provision of operator services. Access codes give every interexchange carrier the same opportunity to offer operator services to interested customers, regardless of the size of their customer base or the amount of commissions they can pay to aggregators. Access codes eliminate the competitive advantage that a presubscription system, such as billed party preference, gives to the interexchange carrier with the largest number of customers.

Finally, the Commission should balance a decrease in the number of digits dialed by some customers against the degradation of service quality which would accompany the implementation of

billed party preference. Comments filed by US West demonstrate that billed party preference would increase delay in placing a call. While the caller does not have to dial an access code with billed party preference, a database query would have to be launched to determine the billed party's chosen interexchange carrier.

According to US West, line information database queries can take up to five seconds before timing out, while the access time for dialing a 10XXX call is only 2.5 seconds.³⁴ Furthermore, automated alternate billing service has menu and selection time ranging from two seconds (for a local exchange carrier calling card) to 20 seconds (for a bill-to-third-number call).³⁵ The transfer of information from the local exchange carrier operator service switch to the interexchange carrier operator service switch using conventional multi-frequency signaling would add an additional six seconds of holding time, while the same transmission of information with Signaling System 7 would add an additional access time of as much as two seconds, depending upon the amount of information to be passed and the routing (direct or tandem) between operator service switches.³⁶ The comments filed by Litel confirm that such an increase in post-dialing delay would have a serious adverse impact on interexchange carriers.³⁷ With such an increase in the time required to place a call, the public would

³⁴ Comments of US West Communications, Inc. at 13.

³⁵ Id.

³⁶ Id. at 12.

³⁷ Comments of Litel Telecommunications Corporation at 3.

receive a degradation in service in exchange for the additional charges it will pay to finance a billed party preference system.

V. Conclusion

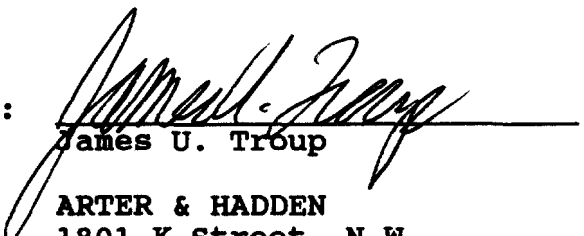
The enormous costs of converting to a billed party preference system would place an onerous burden on small independent local exchange carriers, such as Elkhart Telephone Company, Inc., operating a single rural exchange. Mandatory billed party preference would make it more costly and less attractive for interexchange carriers to serve rural communities, without providing any corresponding benefits to the public. Access codes, proprietary calling cards, and 0- transfer services are superior alternatives that are available today, but do not require the increase in costs and post-dialing delay attendant to a mandatory billed party preference system. Access codes, proprietary calling cards, and 0- transfer services are easier for callers to use and provide a uniform dialing pattern that is unavailable with billed party preference. Therefore, Elkhart Telephone Company, Inc. respectfully urges the Commission to not mandate that it convert its single rural exchange to a billed party preference system. The free market is the most efficient test to determine whether billed party preference can be provided economically in small towns and rural communities, despite its high cost and the limited demand expressed by interexchange carriers in this proceeding.

WHEREFORE, Elkhart Telephone Company, Inc. respectfully requests that the Commission not mandate that it convert its single local exchange to billed party preference.

Respectfully submitted,

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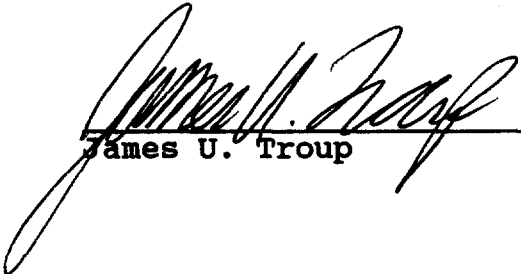
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August 27, 1992

JUT-631

CERTIFICATE OF SERVICE

I, James U. Troup, do hereby certify that true and correct copies of the foregoing Reply Comments of Elkhart Telephone Company, Inc. were served by first-class mail, postage prepaid, this 27th day of August 1992, to the persons on the attached service list.


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